



Department of General Government
City of Frisco, Texas

Memorandum

To: Honorable Mayor Maso and City Council Members

Thru: George Purefoy, City Manager

From: Nell Lange, Assistant City Manager

Date: October 15, 2009

Subject: Consider and Act Upon a Resolution Authorizing Notice to the Taxing Authorities Having Jurisdiction Over Certain Real Property Within the City of the City's Intent to Amend the Project Plan and Financing Plan for Reinvestment Zone Number One and to Enlarge the Boundaries of Said Reinvestment Zone Number One; Calling a Public Hearing with Regard to Such Amendments and Enlargement of Boundaries

Action Requested: City Council approval of a resolution authorizing the notice to the taxing entities of the recommendation to amend the project and financing plans and expand the boundary of the Reinvestment Zone Number One and requesting they waive the sixty (60) day notice before calling the public hearing.

Background Information: The City proposes to expand the boundaries of the Tax Increment Reinvestment Zone number one to include property acquired in the Frisco Junction area.

We are proposing to amend the project and finance plan for project costs which include \$1,500,000 to \$2,000,000 for the site improvements for the Museum of the American Railroad, \$100,000 annual maintenance and operational cost of the Superdrome facility and \$500,000 increase in the estimated cost of the expansion of the Dr. Pepper Arena.

The Superdrome facility was one of the original TIRZ projects. As the use of the facility has changed over the years, it has become necessary to supplement the costs to operate the facility and to pay for recurring capital expense. The City Council feels this unique facility will continue to attract visitors and add to the economic engine of the city if we continue to invest the needed capital to maintain and operate the facility. The site improvements for the Museum of the American Railroad allows the organization to proceed in moving their collection from the Dallas facility to Frisco. This addition to our Frisco Junction area will further enhance this area and is projected to spur economic activity in this area. The

additional funding for the Dr. Pepper Arena is to enhance the facility to allow an even broader possibility of events to be scheduled in the facility. The Phase VI amendment to the TIRZ project plan added the expansion of the Arena as a project but the financing had stated the improvements would be funded through debt issuance. The attorney has recommended we modify the plan to provide for this amendment and the funding of this change with cash reserves currently in the fund.

The City must give the other taxing authorities notice of their intention at least sixty (60) days prior to a public hearing or request a waiver of the sixty (60) day requirement.

Board/ Citizen Input: None.

Alternatives: City Council could choose not to move forward at this time.

Financial Considerations: The recommendation is to fund these projects from the TIRZ #1 revenues. Funding for the infrastructure for the Museum of the American Railroad project is proposed from three sources: \$500,000 from the TIRZ#1, \$250,000 from the Frisco Community Development Corporation and \$250,000 from the Frisco Convention and Visitors Bureau. The million dollars will be supplemented from the Museum of the American Railroad with another \$500,000 to \$1,000,000 to complete the site improvements. Additionally, any project overruns will be the responsibility of the museum.

The improvements to the Superdome and the on-going operational costs are proposed to be funded from the TIRZ #1 revenues. The on-going operational contribution is proposed at \$80,000 a year and an additional \$20,000 annually for a contribution to the capital reserve. The total annual contribution to the Superdome would be \$100,000. As stated previously, the \$500,000 for the Arena would be funded from TIRZ #1 revenues and repaid from lease revenue.

Legal Review: City Bond Counsel is preparing the resolution.

Supporting Documents: Resolution, Financing Plan, Project Plan.